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32 Killed In Blast in Colombo

**Marxists Opposed
To Tamil Accord
Are Key Suspects**

Reuters

COLOMBO, Sri Lanka — A bomb exploded Monday in a vehicle on a busy road in Colombo, killing 32 persons and wounding 106.

Police and hospital sources said some of the wounded were in serious condition and the death toll could rise to 50.

The bomb exploded near a police station in the working-class Maran district as President Junius R. Jayawardene was in Parliament to discuss two bills aimed at ending a four-year Tamil rebellion.

Tamils have been fighting for an independent homeland in predominantly Sinhalese Sri Lanka. Most Sinhalese are Buddhists; most Tamils are Hindus.

State-run television said intelligence sources suspected that an outlawed Marxist group, the People's Liberation Front, was responsible for the explosion.

The group, which includes national members of the majority Sinhalese community, opposes the terms of Mr. Jayawardene's July 29 pact with India to end the revolt by the island's Tamil minority.

A police spokesman said the bomb, estimated at about 110 pounds (50 kilograms) of explosives, went off despite heavy security in and around the capital after front threats to disrupt government activities.

The police said the bomb appeared to have been planted in a bus moving toward Pettah, the heart of the capital.

They said several members of Parliament had received anonymous threats warning them not to support the bills that are to be debated in Parliament on Tuesday.

The bills spell out the powers of semi-autonomous provincial councils to be set up under the India-Sri Lanka pact and designed to meet Tamil demands for a homeland.

Political sources said that before the blast, some politicians had moved into a hotel in Colombo at the suggestion of the government to ensure their security.

Mr. Jayawardene and Prime Minister Rajiv Gandhi of India have both narrowly escaped assassination attempts since they signed the accord. The Sri Lankan government has blamed the People's Liberation Front for the attacks.



Sri Lankan policemen trying to rescue a victim from a car damaged in Monday's blast, which killed at least 32 persons.

Reagan Envisions Talks With Managua

By John M. Goshko
Washington Post Service

WASHINGTON — President Ronald Reagan said Monday that the United States was ready to resume high-level talks with the Sandinist government of Nicaragua in the context of the Central American peace process as soon as the Sandinists get into "serious negotiations" with the U.S.-supported rebels.

Secretary of State George P. Shultz, elaborating on Mr. Reagan's announcement to foreign ministers of the 31-nation Organization of American States, went further.

He hinted that if the Sandinists take immediate, substantive steps toward democratization, talks with the United States could begin later this week after President Daniel

Ortega, bowing to pressure from the other four countries in the agreement, said he was willing to negotiate indirectly with the contras, as the rebels are known, on a cease-fire through the Roman Catholic primate of Nicaragua, Cardinal Miguel Obando y Bravo.

Over the weekend, U.S. officials signaled that negotiations actually began and showed signs of seriousness, the United States would resume direct talks with Nicaragua that were broken off in 1984.

Mr. Reagan appeared Monday at a luncheon for the ministers given by Mr. Shultz at the State Department and said: "When serious negotiations between the Sandinistas and the freedom fighters, under the mediation of Cardinal Obando are under way, Secretary Shultz will be ready to meet jointly with the foreign ministers of all five Central American nations, including the Sandinistas' representatives."

Earlier, following the assembly's opening ceremonies at the Pan American Union, Mr. Shultz answered questions about whether he was willing to meet with Mr. Ortega.

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Central Banks on Dollar: Assurances, Little Else

By Ferdinand Protzman
International Herald Tribune

BASEL, Switzerland — Officials of central banks from the leading industrial nations met here Monday but took no dramatic moves to settle the troubled world financial markets, offering only vague assurances of continued cooperation to bolster the U.S. dollar.

The monthly meeting at the Bank for International Settlements proved disappointing to financial

analysts who were hoping the U.S. Federal Reserve chairman, Alan Greenspan, would take the opportunity to say what the Fed sees as an appropriate level for the dollar.

There was also speculation in the financial markets that the so-called Group of 10 leading industrial nations would take further concrete steps, following last week's coordinated interest-rate shifts by European central banks.

Those moves, intended to break the dollar's sharp slide and relieve strains within the European Monetary System, had had little effect.

Instead of clear action or precise assurances, the officials issued a statement saying the Group of 10 had "exchanged views on recent developments in the money, capital and exchange markets and are in agreement both on their analysis of the present situation and on the policies that are needed to deal with it."

In the statement, the central bankers expressed "their satisfaction at recent measures taken to maintain the smooth functioning of the financial system and reaffirmed their commitment to that end."

The bankers also "stressed the importance of moves by governments of major industrial countries to adopt fiscal policies with the objectives of reducing existing pay-

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Dow Falls 58 Points To 1,900

Worries Over Program Trades, Dollar Are Cited

Compiled by Our Staff From Dispatches

NEW YORK — Prices on the New York Stock Exchange fell Monday, sending the Dow Jones industrial average down 58.85 points, or 3.02 percent, to 1,900.00.

The Dow stood at 1,900.25, down 3 percent from Friday's close. Four stocks declined in value for every one that advanced.

Anxiety about the dollar's sharp decline also was hurting the stock market three weeks after the market's collapse, traders said. In addition, they cited concern about the outcome of a meeting of central bankers in Switzerland and sluggish progress in cutting the large U.S. budget deficit.

Volume was moderate at about 141,533 million shares, down from 228,29 million Friday. Although the exchange closed a half-hour early, at 3:30 P.M., the session was longer than on Thursday or Friday, when markets closed at 3 P.M.

Major U.S. stock exchanges imposed shortened hours on Oct. 23 to prevent a backlog of trades, but have gradually been lengthening the sessions since then.

For the first time since Oct. 19, the New York Stock Exchange applied no restrictions Monday on computer-assisted program trading, which has been blamed for wild swings in stock prices and may have played an important role in the Dow's record 508-point plunge that day.

Actual program trading was said to be light, however, as it resumed Monday. The technique involves virtually instantaneous buying and selling of stocks and stock index futures as investors attempt to profit from differences between the two.

"People are paranoid," said Philip C. Puccio, senior vice president at Dillon, Read & Co. in New York. "They're scared to death of this computerized trading." After October's record losses, "It's got to make you very gun shy."

On Friday, the Dow average dropped 26.36 points to close at 1,959.05 as Wall Street was hit fresh uncertainty. The average fell only 34.38 points in all of last week.

The renewed worries in the stock market came against a backdrop of a regularly scheduled meeting among key central bankers in Basel, Switzerland, the first such gathering since BUDGET, Page 2

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Republicans Confused by Budget Talks

By Jonathan Fuerbringer
New York Times Service

WASHINGTON — Republican leaders from the House and the Senate left a meeting with President Ronald Reagan last week confused about what was said and without a clear direction on budget priorities, several participants in the meeting said.

The confusion reflected a split among Republicans and indecision in the White House itself, they added.

According to an account by one participant at the meeting on Friday, the president pounded the table and railed against the Democrats for proposing to raise taxes to cut the federal deficit, but at one point he said he would accept "as a last resort" a budget compromise that increased the gasoline tax and limited cost-of-living increases for Social Security and other programs to 2 percent.

But Robert H. Michel of Illinois, the Republican leader in the House of Representatives, who also attended the meeting, interpreted Mr. Reagan's remarks differently. "The president was never talking cost-of-living increases, absolutely not," Mr. Michel said Sunday, acknowledging his own opposition to the proposal. But he said some other Republicans might have chosen to "hear what they wanted to hear."

The proposal to cap Social Security increases and raise the gasoline tax was not offered in the top-level

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Dollar's Drop Sending U.S. Salesmen Abroad

By Steve Lohr
New York Times Service

LONDON — With his cowboy boots, buckskin jacket and "slicker" in a greased doorknob, "vermiculite," Bruce McKiernan seems a walking slice of the American heartland, brimming with its can-do optimism and its back-slapping friendliness.

For the past two weeks, he has been in West Germany, England and France trying to fan up foreign interest in the specialized computer software made by his 30-employee South Dakota firm, MCS Group Inc., of Rapid City.

"It's been amazing to see the change in attitude among American businesses to exports," said James P. Moore, a deputy assistant secretary at the Commerce Department in Washington. "They are starting to understand that the falling dollar is a window of opportunity and now is the time to strike."

The dollar has fallen sharply in the last two years compared with most major currencies, and by about 45 percent against West Germany's Deutsche mark and the Japanese yen. Indeed, America's export performance has been improving for more than a year, with the real value of exports in this year's third quarter 16 percent ahead of the year-earlier quarter.

The export comeback, to be sure, is a partial recovery from the trough of the first half of the 1980s, when the dollar's strength battered American companies trying to sell in foreign markets.

Moreover, the U.S. merchandise trade deficit — imports minus exports — is likely to grow somewhat to an estimated \$165 billion this year, from the record \$156 billion in 1986. The continuing appetite of American households and businesses for imported goods explains the persistence of the trade deficit despite rising exports.

Next year, however, the trade deficit is finally expected to decline thanks to higher exports and fewer imports, as the United States economy slows down.

Still uncertain is how much the recent stock market crash is going to curb spending.

A gradual cutback in consumption would be good for the United States and the global economy by reducing trade imbalances that so

export markets seriously for the first time in years. The key reason: The two-year slide in the dollar's exchange rate, accelerating recently, is making American goods competitive again overseas.

Suddenly, American products are beginning to look cheap to foreign buyers. And for their part, American companies, often deemed the insular laggards of international trade, are increasingly looking abroad.

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Foreign Executives Get Chilly Welcome in China

By Daniel Southerland
Washington Post Service

BEIJING — For several days recently, representatives of leading foreign companies in China shivered in their offices, bundled in winter coats, as they waited for the city to turn on the heat.

The Chinese finally turned the valves releasing the heat, bringing a pause to a three-sided battle that pits tenants at Noble Tower, a new high-rise office building in Beijing, against the building's foreign managers and the managers against Chinese officials.

The Chinese withheld the heat because the Canadian managers of the 23-story building refused to pay a one-time fee of 1.7 million yuan (\$457,000) for heating services. The Canadians contend there was no provision for this fee in the original contract and say they have already paid for heating and other public utilities.

Some tenants have drafted a petition to the Chinese authorities demanding "immediate remedial action" and declaring themselves "unwilling victims" of the dispute between the foreign managers and the Chinese partner.

In the petition, the tenants complained that the Chinese partner is charging them for parking and office-cleaning fees that were already covered in their lease. They also complain that the Chinese partner recently changed the name of the building, creating confusion and extra costs for company publicity.

There were five referendums — three on nuclear energy, one exposing judges to civil damage lawsuits for errors and one requiring the power of a committee to absolve ministers of criminal charges before parliament decides on lifting their immunity. Partial turnout showed a majority of at least 70 percent in all five referendums. The voter turnout was 65 percent.

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BUDGET: Some Republican Leaders Find White House Policy Confusing

(Continued from Page 1)
budget negotiations that continued on Capitol Hill the same day. A scaled-down plan to reduce the deficit by \$30 billion without affecting the gasoline tax or Social Security was offered instead by Mr. Michel.

Several of the Senate Republican negotiators who were pushing the broader proposal, which some Democrats also had indicated an interest in, said they felt the chance for a major deficit-reducing proposal was lost because Mr. Reagan did not make, or at least did not articulate, a firm decision in the meeting.

"We're always looking for signals that he will go the way we want," said one participant, who left the White House meeting without a clear impression of what conclusions were reached. "I'm looking at it through my own eyeglass perspective. I'm looking for a signal that the president could accept a cost-of-living limit and a gasoline tax and more revenue so we could achieve a monumental package" that would cut the deficit by \$80 billion to \$100 billion over two years.

The detailed account of the conversations in the White House meeting—provided by one participant and corroborated by a second

—appears to show that Mr. Reagan at one point agreed he could accept a deficit-reducing proposal with a gasoline tax and a limit on Social Security increases. When asked by the Treasury secretary, James A. Baker 3d, if he would accept the proposal, the participant quoted Mr. Reagan as saying, "They've got to offer the taxes and it must be a last resort."

But the account of the meeting also shows that Howard H. Baker Jr., Mr. Reagan's chief of staff, one of the administration's negotiators in the budget talks with Congress, did not think congressional Democrats would accept such a plan. According to this account, Mr. Baker said he was worried that the president was being "set up" by the Democrats, who could then accuse Mr. Reagan of trying to cut increases in Social Security. The program provides retirement benefits and disability payments.

Senate Republicans, lead by Pete Domenici of New Mexico, the ranking Republican on the Budget Committee, argued passionately for the package, according to a participant. At one point, the participant said, Mr. Domenici told Mr. Reagan: "If you accept this plan you'll be a great help to the Repub-

Democrats regarded the offer of

licans. But with no plan like this, you will be of no help. We'll have a bad economy and we'll lose the election with or without your help."

But in the end, Mr. Reagan did not authorize the congressional or his negotiators to offer the proposal, although he said he could accept it.

Instead, he showed interest in the \$30 billion Michel plan, which does not touch Social Security or mention a gasoline tax. "It's a solid idea," Mr. Reagan is reported to have said.

Besides Mr. Domenici and Mr. Michel, the other Republicans at the meeting were Senator Bob Dole of Kansas, the minority leader, Senator Bob Packwood and Senator Mark O. Hatfield, both of Oregon, and Representative Trent Lott of Mississippi, the minority whip, Representative Silvio O. Conte of Massachusetts and Representative Delbert L. Latta of Ohio.

When the Republicans returned to the negotiations with Democrats later that morning, the Michel plan, not a proposal including Social Security or a gasoline tax, was put on the table.

Democrats regarded the offer of



Michelle Carden/Bettens-UPI
Senator Bob Dole of Kansas before formally entering the 1988 presidential race Monday in Russell, Kansas.

FEUD: Foreign Executives Get Chilly Welcome in China

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Chong changed the terms of the leases to allow for rent increases.

But the most serious conflict is between Noble Chong and the Chinese partner, China International Science Center, which is controlled by the Science and Technology Commission.

Allan Quah, general manager of Noble Chong (Asia), said that in addition to the heating problem,

the Chinese partner ordered \$600,000 of electrical equipment that was not needed by the project.

Officials on the Chinese side decide to say much, except that the Chinese cannot afford to pay the heating fee being demanded by the city government.

"This cost was not anticipated when the contract was signed," said Ding Chimin, secretary to a vice minister at the Science and Technology Commission.

"We don't want our foreign friends to suffer from the cold," Mr. Ding said. "But if the burden of the cost is shifted to the Chinese side, it would be too heavy to bear."

He added, "This is a very complicated matter. There is another side to the story. We have our complaints."

Noble Tower was to be the first in a \$40 million complex of four buildings which was also to include a hotel, an exhibition hall, and a convention center. Under an agreement, Noble Chong was to finance the complex, manage the office tower for 12 years, and keep the earnings from the tower for that period.

The Chinese side was to pay for operating expenses at the tower from earnings taken from the other buildings in the complex.

Construction of the additional three buildings was to be overseen by Noble Chong, but construction has not yet begun.

Noble Chong contends that it cannot proceed with construction, because the Chinese side has refused to pay over-budget costs for the buildings brought in an unqualified construction company, and failed to account for what happened to \$6 million that Noble Chong paid for site clearance and public utilities.

"We never signed a contract with the Science and Technology Commission," said Mr. Quah, adding: "They don't know how to run an office tower. They're running it something like a Chinese hotel."

Mr. Quah accused the commission of being bureaucratic and greedy. "These people don't understand what productivity or money or management is," said Mr. Quah. "They don't understand anything."

Mr. Quah said that in August, relations turned sharply worse during an argument over computer cards for telephone equipment. Mr. Quah said that he tried to explain to officials that the cards had to be changed to make the telephones in Noble Tower serviceable.

According to Mr. Quah, the Chinese believed that he was trying to dupe them. Mr. Quah said several of the Chinese shouted at him and punched him in the back and side in the lobby of the tower.

Mr. Quah said that there were many witnesses to the incident and that he made a formal complaint to the police, but no action has been taken.

RUSSELL, Kansas — Bob Dole of Kansas, the Senate Republican leader, formally entered the 1988 U.S. presidential campaign on Monday, saying he had "common-sense answers" to the country's problems and offering his Senate record as proof of his worth.

"I offer a record, not a résumé," Mr. Dole told an audience in his hometown, in a swipe at Vice President George Bush, considered the front-runner in the race for the Republican nomination.

"I can make a difference," he said. "I have made a difference. I will make a difference."

Mr. Bush, who was a congressman, representative to the United Nations, chief of the U.S. liaison office in China and director of central intelligence before becoming vice president in 1980, cites his government posts as evidence that is ready to be president.

Mr. Dole, 64, standing in front of the drugstore where he tended a soda fountain when he was a teenager, said: "I offer a lifetime of experience and a record that shows not merely where I stand, but the hopes of a lifetime rooted here in Russell."

He called the large federal budget deficit the greatest threat to U.S. prosperity. The senator, who has backed tax increases as one solution, pledged to cut the deficit "without raising tax rates."

TALKS: Reagan Says He Is Willing

(Continued from Page 1)

ga by saying the United States would be "prepared to respond in a regional setting" if Nicaragua shows "motion" on such requirements of the peace plan as negotiating a cease-fire in its civil war, releasing thousands of political prisoners and restoring freedom of the press.

When a reporter remarked that such things could not be done in the 48 hours before Mr. Ortega's scheduled arrival Wednesday, Mr. Shultz replied:

"I think you're categorically wrong. It doesn't take long to let people out of jail. All you do is unlock the doors. It doesn't take long to approve applications for publication. All you have to do is check the 'approve' box. It doesn't take long for Radio Católica to be able to make comments on the issues of the day. All you have to do is say O.K."

"So it can happen instantaneously," Mr. Shultz concluded.

Initially, Mr. Reagan joined with the speaker of the House of Representatives, Jim Wright of Texas, in August to sponsor a Central America peace initiative. However, their

plan was superseded a few days later when the presidents of Nicaragua, Costa Rica, El Salvador, Guatemala and Honduras met in Guatemala to sign a different accord worked out primarily by President Oscar Arias Sánchez of Costa Rica.

Mr. Wright immediately supported the Arias plan. But the administration was unhappy with its failure to impose on Nicaragua the tougher conditions for democratization and cutting of military ties to Cuba and the Soviet Union contained in the Wright-Reagan plan.

Contras Attack Town

The Nicaraguan government said Monday that Nicaraguan rebels detonated two bombs over the weekend in their first successful attack in central Jinotega, 80 miles (130 kilometers) north of Managua, Agence France-Presse reported from Managua.

The Nicaraguan government said the contras bombed an electrical pylon and an Agrarian Reform Ministry workshop in the provincial capital late Sunday, but added that no one was injured in the blasts.

RIVER: On Zairian Boat, Merchants Thrive in a Modern Heart of Darkness

(Continued from Page 1)

ble to travel the river without being enveloped in the power of Mobutu Sese Seko, the man who reinvented the country and created the mentality by which it is run.

He renamed the country. He renamed the capital. He renamed himself. He was christened Joseph Désiré Mobutu, but became Mobutu Sese Seko, which translates as "the all-conquering warrior, who goes from triumph to triumph."

African scholars have created a name for the governmental system in Zaire: a "kleptocracy." The system, they say, is greased with graft.

The ethic of corruption, according to bankers, diplomats, students and businessmen, is a trickle-down system. Ministers demand payoffs for construction projects, teachers demand payoffs from their students, policemen stop motorists to give them a choice between a payoff and arrest.

"It's like termites nibbling away at the structure of your trousers," said a long-term observer.

The termites began nibbling before the Major Mudimbi left the quay at Kisangani. The official who checked a passenger's international certificate of vaccination noted that the cholera shot, good for six months, had expired. He was sorry, but travel would be impossible.

But, opening a drawer and pulling out an "Officer de Quarantine" rubber stamp, he made the passenger legally immune from cholera for a fee of about \$2.40, without using a needle.

The boat backed away from the dock at 1 P.M. on a Monday, nine hours behind schedule. Several hundred people had come to see it off.

On board, the captain, not yet wearing the pajamas that were to be his command outfit, strode the first-class deck, shaking hands with passengers.

First-class passengers included students going to the university in Kinshasa, Asian and Zairian businessmen and British and American tourists. Ten of the Americans were on a four-month trek and were bound for London by way of central Africa and the Sahara.

They normally traveled in the

back of a truck and cooked their own food. On the boat, they had third-class tickets but had paid bribes to sleep on the roofs of first-class cabins. They traveled hard and dirty and looked it.

River merchants had booked all the second-class compartments. As soon as the boat got moving, they unpacked their wares and set up displays in the narrow passageways. For sale were clothing, soap, nails, fishing line, cosmetics, plastic buckets and lots of drugs, including penicillin, tetracycline, antimalarials, antidiarrheals and all-purpose tonics.

When they had finished unpacking, the merchants sat on benches and waited for the river to serve up some business. A shirt salesman sat quietly, squatting out at the river, which was silvery white in the mid-afternoon sun. He shamed a cigarette with a chimpanzee that sat beside him in a cage. A goat, tied up under the merchant's seat, chewed on the cuff of his trousers.

Soon after the colonial ruins of river-front Kisangani had slipped off sight, the forest asserted itself. Walls of vegetation 60 feet (18 meters) high sprang up from both sides of the river. From beneath the bush, scores of dugout canoes materialized, racing to intercept the river boat.

The docking of the dugouts, which bore custom, was accomplished while the boat sailed at full steam, about 10 mph. This anathema event somewhat akin to rodeo steer wrestling, proved to be the journey's major entertainment.

If they made it aboard, the river people were suddenly hostages to the professional buyers and sellers who had been awaiting them. As a rule of thumb, merchants said they buy game, fish and agricultural produce for as little as a fifth of the price they expect to sell it in Kinshasa. They gave a trapper \$2.10 for a fresh monkey and planned to sell it for as much as \$11. Merchants said the standard markup on goods they sell to the dugout people was 200 percent higher than retail prices in the capital.

At each stop, more and more passengers bribed their way aboard. The vessel had been overcrowded when it started downriver at Kisangani. Then, there had been

about 1,500 people on board. Three days later and halfway down the river, there were about 3,000.

As the boat grew more crowded, passage became dangerous. Passengers reported seeing three persons slip and fall overboard. One was rescued by a fisherman; the others apparently drowned.

There were a number of polio victims traveling on the boat. In the congestion, their wheelchairs were useless. Those who moved, crawled, dragging their spindly legs over the muck-covered decks.

The reason why so many people were allowed on board was money, the sergeant in charge of security said.

He explained that crew members, who worked for the Zairian government agency that operates passenger and freight service on the country's rivers, supplemented their meager salaries by accepting bribes from people for whom there was no real room.

Each day, the river grew wider and more powerful. In draining the 1.5 million square miles (3.9 million square kilometers) of the Congo Basin, it is the only river in the world to cross the Equator. It does so twice. Snaking between northern and southern hemispheres, a part of the river is always in a rainy season. Accordingly, it has a steady and more reliable flow than the world's other great rivers.

The Zaire is second only to the Amazon in the volume of water it dumps into the sea. By itself, the river has the capacity to generate 13 percent of the world's electricity.

For all its power, on the 1,000-mile stretch from Kisangani to Kinshasa, it is glassy smooth and easily navigable.

The Major Mudimbi arrived at Mbundala, its last major stop before Kinshasa, at 5 A.M. Friday. And there it sat. For passengers it was virtually impossible to discover what was happening. Eleven hours passed in listless incomprehension.

More passengers bribed their way aboard. The boat approached a human-barnyard gridlock. Brown water three inches (seven centimeters) deep flowed from the toilets in second class. A number of goats died. The sky was overcast. The river was gun-metal gray.

The torpor ended, at last, with

the beginning of the final leg of the journey. As night fell, the boat steered briskly into the current.

Movement and getting off the boat in two days juiced up the discothèque in the second-class barge. Cases of warm beer appeared. Amplified Zairian reggae, arguably the best music in Africa, shook the steel floor.

The denouement of the eight-day journey was staged on the dock in Kinshasa at 9 A.M. two days later.

There, the beasts of the rain forest encountered the traders of the capital. The meeting became a riot.

The crowd at the port, several

thousand strong, was mostly middle-aged market women, famous in West Africa for their shrewd and aggressive trading. They had come to buy and were mashed together behind a hurricane fence. They fought for position near two gates.

These gates opened onto two narrow ramps that led down to the dock where the Major Mudimbi had tied up. The four-foot-wide ramps would soon become gauntlet through which the market women and the boat's passengers, beasts and freight had to pass.

When the boat first docked, a dozen gendarmes appeared to have the situation well in hand. In dark sunglasses and black helmets, with billy clubs clenched in white gloves, they looked disciplined and fierce. They guarded the gates between the market women and the boat.

But when the market women caught sight of the first bundle of fresh monkeys, they pushed aside the gendarmes, squeezed through the gates and thundered down the ramps.

Porters staggered up the ramps with large loads on their heads—sacks of charcoal, steamer trunks, crates of catfish or five pigs.

Fistfights broke out. Porters

were knocked off their feet. Pigs squealed and tried to bite market women. Bags of charcoal ripped open. Undeterred, the women pressed on in the direction of the monkeys. The gendarmes backed off.

In this manner, over the course

of several hours, the journey out of the heart of darkness came to an end.

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OPINION

INTERNATIONAL HERALD TRIBUNE

Published With The New York Times and The Washington Post

Conventional Forces

Throughout the West the walls are heard: Eliminating medium-range missiles from Europe will soon pitlessly bare the West's weakness in conventional forces. That's baloney. Many a nuclear layer will survive the prospective Euromissile agreement, and in any case destroying missiles so recently deployed is not the cause of NATO's conventional arms worries. These go back decades.

If nuclear arms reductions force NATO to deal with the non-nuclear arms balance, all the better. But the allies have to begin by jointly facing a central fact: There is no way that NATO is going to spend the huge sums needed to match Warsaw Pact numbers in manpower, fighter aircraft, tanks and the like. The only way to establish a more equitable balance is through negotiations with Moscow. A decade of futile talks on the subject in Vienna has made plain that this is no simple task.

New and broader talks on conventional forces will begin next year, and Mikhail Gorbachev has begun to speak of cuts and changes in posture that Western leaders and experts applaud. Fine. But first both sides have to do a lot of homework on a negotiable and wise proposal.

The conventional wisdom about conventional forces in Europe is facile. In geography, manpower and tanks the Warsaw Pact is superior. But add the quality of weapons and the nature of the two alliances, and it is unclear how militarily meaningful the pact's advantages are.

The imbalance is nonetheless unsettling if the West is to rely less on nuclear and more on conventional deterrence. Many in NATO call for a conventional buildup. Yet budgetary and population indicators point downward. Together with a declining European fear of Soviet invasion, these trends make

— THE NEW YORK TIMES.

Now Legalize the ANC

Jail doors open slowly in South Africa. It has been nearly three years since President P.W. Botha first mooted the possibility of releasing long-jailed leaders of the African National Congress. One has now been freed, Govan Mbeki, a former president of the ANC sentenced to life along with Nelson Mandela in 1964 on sedition charges.

No explanation was given, but President Botha seems to be groping for ways to release Mr. Mandela, now 69 years old. The regime's problem is to reverse course without seeming to disavow its blustery words about the outlawed ANC. In these circumstances, deeds matter most.

In 1985 Mr. Botha insisted that release was possible if Mr. Mandela unconditionally rejected violence as a political instrument. To which the prisoner responded plaintively and simply: "The armed struggle was forced

— THE NEW YORK TIMES.

The Ortega Gambit

Give the Sandinists credit for responding to the tough challenge posed to them by Costa Rica's President Oscar Arias, who mobilized almost the whole Western Hemisphere behind a demand that they talk to their despised foes, the contras. Daniel Ortega, the Nicaraguan leader, went part way, returning from Moscow in time to meet a key Nov. 5 deadline of the Central American peace plan and to agree to negotiate a ceasefire with the contras through an intermediary. The contras at once accepted the offer, taking it as a step toward political recognition. The Sandinists can be expected to resist this reading, but a process has begun.

In the various concessions that he made up to and on Nov. 5, President Ortega confounded many Latin and U.S. skeptics. Thus has he reaped a tactical advantage, which he put to instant use by going over to the diplomatic offensive and laying down Nicaragua's preferred terms for the next phase of the Arias plan. Nicaragua will lift its state of emergency and release all the old *somocista* prisoners under an amnesty, he said. If the United States and Honduras cut off the contras, he assigns determination of U.S. and Honduran compliance to

— THE WASHINGTON POST.

Other Comment

Hopeful Signs in South Africa

The release of Govan Mbeki will be of real importance if it proves to be a step in an evolving process of freeing all of the ANC leadership, including Nelson Mandela, and legalizing the ANC. The ANC does not speak for all South African blacks, but it speaks for most. No meaningful negotiations are possible without it.

There was another recent sign of compromise on the part of President P.W. Botha. He implemented an interracial administration that links the leadership of KwaZulu, homeland of the Zulus, with the white leadership of Natal. It falls short of the integrated administration first proposed by Gaisha Buthelezi, leader of the Zulus, but it serves as a model for power sharing, a welcome departure from apartheid.

Desmond Tutu, the Anglican archbishop of Cape Town, has told Mr. Botha that he must "release all our leaders" if he is to influence the "intractable situation" gripping the country. Obviously, Mr. Mbeki's release is at best a beginning.

— The Los Angeles Times.

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These 70th Anniversary Rites Celebrate a Tragedy

By William Pfaff

PARIS — The Soviet Union has been celebrating the 70th anniversary of the Russian revolution — but what is there to celebrate? The revolution cruelly failed Russia.

The leader of the Soviet Union, Mikhail Gorbachev, draws world attention today not because he presides over a society of brilliance, accomplishment and popular well-being, but because of his determination to rescue his country from what he described last week as "a pre-crisis situation" notable for aberrations "in the social, spiritual and moral spheres" — "social alienation and immorality" and a discrepancy between socialist principles and everyday reality that is "becoming intolerable."

The reforms that Mr. Gorbachev urges represent, he says, "the biggest step in developing socialist democracy since the October revolution." Yet what is the balance sheet of the October revolution? It worsened the lot of most ordinary Russians, at least for the period

from 1918 to the 1950s. It led to the murder or exile of the country's élites, stifling its creative powers and ruining an intelligent whose 19th and early 20th century accomplishments in the novel, music, dance, theater, chemistry, mathematics and medicine had been as impressive as anything any nation has ever achieved.

The literary accomplishment alone of 19th century Russia has been compared with that of Periclean Athens and Elizabethan England. The successors to those Russian artists, during the decades after the revolution, were imprisoned, exiled to Siberia or murdered. A stupid and sterile political orthodoxy was imposed, worse than anything that existed under the czars. Even today original and gifted people in the Soviet Union are cautious when they express themselves in public.

For 70 years the life of the mind has had to

be conducted in secret in the Soviet Union, in unpublished and unpublisable novels and essays, unproduced plays, unscreened or mutilated films, unexhibited paintings. All of this is well known to Russians themselves. If they do not say so, this is not only because to do so still may be dangerous but because it seems intolerable to confront the waste of it all.

Industry and the economy were in progress before 1914. Russia was the most rapidly developing nation in Europe. The subsequent crippling of the economy resulted from the world war and from the civil war and destructive Western interventions which followed the revolution, but it also followed from the ignorance and doctrinaire arrogance of Lenin and his associates. They knew little of how a society and an economy really functioned.

Lenin wrote that "the great majority" of modern industrial and administrative functions "have become enormously simplified and reduced, in practice, to very simple operations such as registration, filing and checking. Hence they will be quite within the reach of every literate person." Any worker could run a power station. It was the capitalists who pretended otherwise, in order to protect their privileges.

In practice, this belief created a centrally planned command economy which, in the guise of rationality, produced a system without rationality, where today it is all but impossible to discover real costs, real margins, real demand, real markets. It produced the disaster of agricultural collectivization, which cripples Soviet farm production to the present day but which even Mr. Gorbachev is compelled, for ideological reasons, still to defend.

Russia in 1914 was badly and oppressively governed. The middle classes were largely

excluded from power. The serfs had been emancipated but still lived in essentially medieval conditions. The way the country worked was only painfully changing.

It was changing, though, and if there had been no world war and no October revolution, and if the evolutionary forces at work in the society had not been suddenly cut off, it is reasonable to think that Russians would today be far better off than they are.

It is useless, of course, to talk about what might have happened. It didn't happen that way. Instead there was world war, revolution, collectivization, Stalinism and then another war. And then the Cold War, and a developing American obsession with Soviet Russia and communism — which fed both Soviet pretensions and American illusions.

Max Beloff, the British historian of Soviet Russia, wrote more than 30 years ago that little remains there "to attest to the fact that one is present at the building of what once was heralded as 'a new civilization.'" He said we must now see what happened there as merely yet another Russian time of troubles.

Nothing has happened in the last two decades to cause one to change that judgment.

Even if Mikhail Gorbachev succeeds in every single one of the reforms he wants to carry out, he will merely bring his country a little closer to the levels of social, political and material well-being which are taken for granted in Western Europe, Japan and the United States.

What, then, was it all about? The October revolution was a tragedy — a tragedy because it did begin in noble purpose and an undeniable intention to make men better. It is a tragedy which, as Mr. Gorbachev demonstrates, despite himself, is not over yet.

International Herald Tribune.

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China: The Economic Challenge Will Require Skillful Managing

By Harvey Feldman

NEW YORK — The 13th con-

gress of the Chinese Communist Party ended the other day with a large-scale overhaul of the Central Committee. The Politburo and its standing committee. After last winter's turbulent student demonstrations, the dismissal of Hu Yaobang as general secretary and the campaign against "bourgeois liberalism" the most remarkable thing about this congress was its bland progression toward a conclusion carefully negotiated by Deng Xiaoping last August.

Without fanfare or even special announcement, an entire generation of senior leaders, the men of the Long March, the struggle against Japan and the civil war, retired en masse to become "elder statesmen."

Most were labeled in the West as "conservative" and assumed to be diehard proponents of a rigid Marxist orthodoxy. Early reports out of Beijing therefore speak of a triumph

for the "reform faction." But, as the new general secretary, Zhao Ziyang, told the foreign press: "Some friends abroad think there is a reform faction and a conservative faction. I would say all those who base their analysis of China on this idea will make one mistake after another."

The breakdown of the leadership into "conservatives" (the black hats) and "reformers" (the white hats) has more meaning for foreigners, who prefer arguing personalities to examining policies, than for Chinese.

Closer up, not only is it difficult to tell what color the hats really are, but some in the hierarchy seem to switch them frequently. If some of the reformers associated with Mr. Deng seem in trouble, and indeed they are, it is not because they are under attack from mean-spirited conservatives who want a return to Maoist slogans,

houses are two stories high and there is real glass in the windows.

After 40 years of political mobilization and Maoist excess, those who had no chance to spend money on themselves are doing so. While farmers build their houses, county governments buy trucks and cars, increase salaries and rent summer guest houses for their personnel. Factory managers use their discretionary funds for workers' bonuses, certainly long needed, and better dormitories or canteens. Meanwhile, irrigation works are not being maintained, and here and there some of the Yangtze dike system is crumbling into the water. County roads fall into disrepair and bridges are not being maintained. Except in a few showplaces, factory equipment is ancient, inefficient and often held together with tape and hope.

The result is growing inflation, as General Secretary Zhao admitted at his post-congress press conference. In

Communism: Toward a New Era of Cooperation?

By Stephen S. Rosenfeld

WASHINGTON — The papers are full of news about internal transformations being undertaken in the U.S. strategy to keep the contra force in being as an enforcer and bargaining chip until Nicaragua's passage to democracy is deemed irreversible — and to leave this determination of irreversibility to Washington. It cuts immediately across the Reagan plan to induce Congress to vote interim funding for the contras this month, pending a request for large new funding in January.

President Ortega is being clever, but he is also acting within the context of a peace plan that the Latin Americans see as the region's last best hope and that the United States has reluctantly committed itself to support. The Ortega gambit does not ensure that peace and democracy are coming to Central America, but it should stir the U.S. government to stop standing on the sidelines and waiting for the plan to founder, and instead to jump in and try to do what it can to make the plan work for U.S. ends.

— THE WASHINGTON POST.

Simon Becomes a Serious Contender

By David S. Broder

tie and my horn-rimmed glasses. Well, Harry Truman wore a bow tie and horn-rimmed glasses and he didn't knuckle under."

"He's one of the best politicians Illinois has seen," the state Republican chairman, Don Adams, said recently. "And I emphasize, he is a politician. He likes to stand above the other politicians, like Jimmy Carter did, as if he wouldn't create an image like they do. But it's all image — starting with the bow tie."

Adopting Truman as a role model was just the beginning of Mr. Simon's shrewdness. "He's hot," said Edward Rollins, the Republican who managed President Reagan's 1984 re-election campaign, "because he was the first to recognize that with Kennedy and Cuomo out, there was a populist void ... no one real image out there delivering the liberal message except Jackson."

Mr. Simon has moved into the top tier of candidates in Iowa. In New Hampshire, he has planted his flag as an alternative to the favorite, Governor Michael Dukakis of Massachusetts. The Southern superprimary is a big hurdle for him, but if the Reverend Jesse Jackson takes the play away from all the white candidates there, then the black candidates there will move back to Illinois, New York and Pennsylvania — where Mr. Simon could be as strong as anyone.

Mr. Simon thinks that his unabashed belief in activist government is part of his appeal. But a larger part, he told me last August, when he was barely a blip on the screen, is that "people want somebody who believes something and has a sense of direction."

His beliefs are a bit of a hodge-podge. Alone among the Democratic candidates, he voted against all the people tell me to get rid of my bow

tax cutting of the Reagan years and still asserts that it was wrong. Not even Mr. Jackson is matching Mr. Simon's proposal to match the federal government's employer of last resort for all long-term layoff victims. And no one else has echoed his promise to have a plan for financing long-term health care costs ready within 60 days of taking office.

At the same time, Mr. Simon supports the balanced budget amendment and promises to end deficits within three years. How he would manage all this is a mystery. In Dover, New Hampshire, he talked of financing his unformulated health care plan by higher Social Security taxes, sin taxes or unspecified "changes in inheritance taxes." A short helicopter ride later, in Exeter, he said he would end deficits by cutting spending, "particularly in the area of defense," by stimulating the economy with his public employment plan, and "only as a last resort would I increase taxes, and I don't believe that will be necessary."

As his stock soars, rivals are sure to question his budgetary math and thereby chip away at his political credibility. But his history shows him a tough man to pin down — or knock down. In the 1984 campaign in Illinois, the ads of his Republican opponent, Senator Charles Percy, assailed him as a man "addicted to taxes" and tried to dramatize the "startling" difference between his liberal voting record in the House of Representatives and his independent-sounding stump speeches.

But Mr. Simon prevailed by getting one of every six Reagan voters to split his or her ticket, and by running even with Senator Percy among moderates and independents. "Never underestimate him," Mr. Adams, the Illinois Republican chairman, advises.

Washington Post Writers Group.

Belgrade's Review of International Affairs, continues to insist that only American strength, including President Reagan's Strategic Defense Initiative, brought Moscow to a dialogue. Moscow tends to hold that its peaceful initiatives isolated the Reagan administration in domestic and international opinion and compelled it to moderate its ways. That Mikhail Gorbachev will practice more of this sort of political jujitsu on Mr. Reagan is precisely why the American right fears a summit meeting.)

Still, Mr. Cvjetić is encouraged by the promise of arms control, the fencing off of arms control from regional disputes (what Americans would call delinking), the ongoing consultations on those disputes and certain signs of appreciation for aspects of each other's system.

To me, that last item counts heavily. I see little to admire in the Soviet system, although one does not have to be gratuitously abusive about it. But there is a kind of Soviet appreciation for the American system that matters considerably — the kind reflected in Mr. Gorbachev's experimentation with glasnost and market ways. The more of it that Americans see, the more appreciation they will have for the Soviet system, and the more interest they will have in putting relations on a firmer basis.

This new coalition will have to face the challenge of reducing consumption and increasing investment in infrastructure and productive capacity. It will have to find ways of taking back the center some of the decision-making authority delegated to local and regional bodies, for otherwise inflation may get totally out of hand.

Meanwhile, Mr. Zhao's job will be the most difficult of all. The party's claim to loyalty is as the interpreter of a body of doctrine — Marxism-Leninism-Mao Tsetung thought — that is supposed to make China into a prosperous and powerful state. But quite clearly that doctrine blocks rather than spurs development. Unless the economy is propped up with infusions of market capitalism, it staggers and the quality of life worsens. Mr. Zhao's problem is to make the party be seen as a positive force for progress, rather than an obstacle to it. It is hardly as easy task.

The writer was a China specialist in the U.S. State Department

OPINION

Why All This Righteousness In a Self-Indulgent Society?

By Tom Wicker

NEW YORK — Numerous valid reasons appeared to be developing for the rejection of Douglas Ginsburg, President Reagan's second-choice nominee for a Supreme Court seat. In the end, however, Judge Ginsburg became one more victim of a moralistic new standard that is more deplorable than the private behavior it condemns.

Literally millions of Americans older and younger than Judge Ginsburg have smoked marijuana, often or occasionally. Millions still do, and aim to keep on. I am

The American public is being spurred on by the press's dubious new trend toward intrusive inquiry.

not now and never have been one of them, but it seems to me unfair and hypocritical to suggest that behavior so widespread and so widely accepted should prevent someone from holding high office — even a Supreme Court seat.

It is true that Judge Ginsburg, like all those other pot smokers, was breaking the law. So were people who drank homemade booze during Prohibition, or who until recently in numerous states or localities drank any kind of liquor. So are those today who drink to a certain blood-alcohol level, or before they reach a certain age.

It is true, too, that Judge Ginsburg was being considered for a law enforcement position. But he already holds one, on the U.S. Court of Appeals. Should he resign it, although he clearly has not been incapacitated by past behavior?

He also may have evaded the question of drug use — not, of course, meaning alcohol use, although alcohol is the most used and abused drug among Americans — when he sought employment at the Justice Department.

That is another serious offense — and another committed all the time by job seekers without number, most of whom go on to respectable lives and careers.

Should none but certifiably pure lawyers who never smoked marijuana, fudged a résumé or broke any law be eligible for judgeships? If so, Chief Justice William Rehnquist should step down; he once was fined for speeding

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

Vermont. And a kind of generational vendetta will have been carried out; not many who went to law school after 1960 would be eligible for the bench.

The root problem, however, was not lawbreaking or an evasion on an ambitious young lawyer's application; it was the deed itself, the use of drugs, even if only marijuana. The response — in part, a rush by conservatives to be rid of a nominee whose "confirmability" they had come to doubt — was righteously moralistic on the part of a public spurred on by the press's dubious new trend toward intrusive inquiry.

Already that combination has driven Gary Hart and Senator Joseph Biden of Delaware from the presidential race, and damaged the Pat Robertson campaign. Rumors without evidence persist about Governor Mario Cuomo of New York. He, Governor Bill Clinton of Arkansas and Senator Sam Nunn of Georgia all cited the burdens of unrelenting press scrutiny of their families and private lives as one reason they would not run for the presidency. Who knows how many other able persons stay out of public life for that reason?

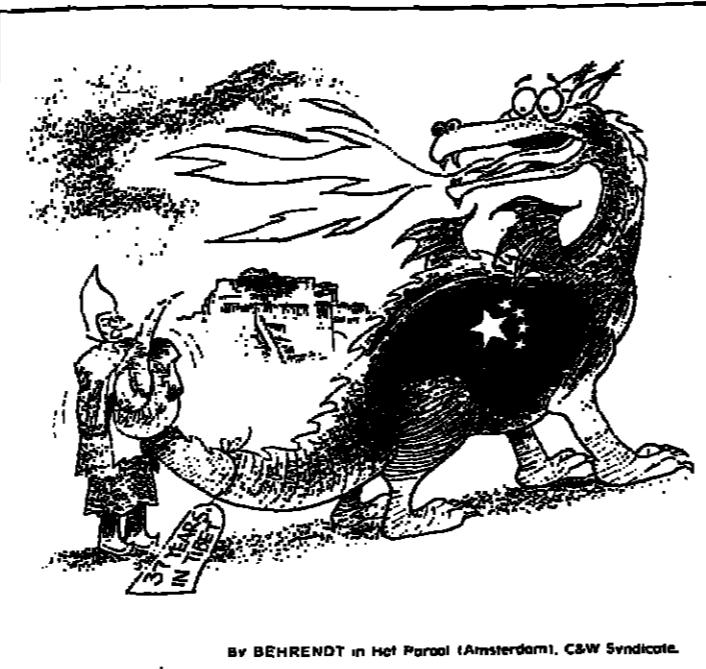
In the wake of the Ginsburg withdrawal, Senator Albert Gore Jr. of Tennessee and former Governor Bruce Babbitt of Arizona, both Democratic candidates for president, have felt forced to disclose that they, too, like so many Americans, smoked marijuana in the past — in Mr. Gore's case while he was a soldier in Vietnam, as well as when he was a student and when he was a young reporter.

The political consequences remain to be seen, although, as Mr. Babbitt put it, "I have a feeling that 50 or 60 or 70 percent of America would be disqualifed" if pot-smoking were the standard.

What is happening here? Why this sudden piety about public life, a society reeking of liquor, offering the world's most demanding market for drugs, in which it takes an epidemic of fatal disease to curb free-wheeling sexual behavior? Is this new standard a puritanical America that never approved these developments? Or is it instead a taste for new sensations, new diversions, in a society becoming jaded by its own excess? Or both?

Either way, the press risks much in its eagerness to hold public figures to the new standard of morality. Aside from the hypocrisy of editors and reporters, themselves not unfamiliar with adultery and marijuana freedom of inquiry is too important to be called into question by intrusive, arrogant and sanctimonious prying into private lives and behavior. Isn't the public that enjoys the resulting headlines being taught to consider a free press as no more than a gossip column or a scandal sheet?

The New York Times.



By BEHRENDT in Het Parool (Amsterdam). CSW Syndicate.

The Sunday Times Was Out in Front With "Spycatcher"

Anthony Lewis writes in "If the Press Is to Be Free, It Matters Who Owns It," Nov. 6, that Rupert Murdoch, who owns five British national newspapers, should not be allowed to own another, namely,

The Financial Times, owned by the Pearson conglomerate, in which Mr. Murdoch recently acquired a 15 percent share. It is an unquestionable argument which commands wide support. Nobody expects Mr. Murdoch to be allowed to buy The Financial Times if he were to bid for it, which he has not. But the reasons are the need for diversity and competition in the press, and not, as Mr. Lewis would have it, Mr. Murdoch's behavior as a proprietor — a subject on which Mr. Lewis cannot even get his facts right.

The writer contends that Mr. Murdoch forces his British papers to toe a pro-Thatcher line. Mr. Lewis quotes Peter Jenkins, a British columnist, who wrote in *The Independent* complaining about Mr. Murdoch's interference at The Sunday Times. But Mr. Lewis does not quote the reply of the political editor of The Sunday Times in the letters column of *The Independent* pointing out that for almost two years Mr. Jenkins was given the most prominent opinion spot in The Sunday Times for his well-known anti-Thatcher views. That at no time was a word of his copy changed and that he left of his own volition. If Mr. Lewis did more than just speak to his left-of-center friends in London, he would be in a better position to give a more accurate view of Mr. Jenkins's claims.

Mr. Lewis's other example of Mr. Murdoch's baleful influence has caused much mirth in London, for he simply does not know what he is talking about. Pearson owns Viking Penguin, the New

York publisher which recently published Peter Wright's "Spycatcher." Mr. Lewis alleges that if Mr. Murdoch had owned Pearson, his pro-Thatcher sympathies would have led him to stop Viking from going ahead with "Spycatcher."

What absolute tosh! The Sunday Times bought newspaper serial rights for "Spycatcher" at great expense and published a huge extract from the book before it was published in America and in defiance of government orders not to publish. The Sunday Times and its editor have been sued for criminal contempt by the attorney general and risk substantial fines and possible jail for defying the government. The paper has been in the forefront of the legal battle to publish "Spycatcher." At huge cost it has referred the issue to the Court of Human Rights, and its latest effort to have the legal ban lifted begins in the High Court this month.

If any other newspaper had fought so hard for the freedom of the press, Mr. Lewis would no doubt be the first to praise it. Because The Sunday Times is owned by Rupert Murdoch, he seems not even to know about it. I used to regard Mr. Lewis as a serious columnist. No longer.

ANDREW NEIL,
Editor,
The Sunday Times,
London.

Under Arrest in Malaysia

In response to the report "For Malaysia, an Image Sullied by a Crackdown" (Nov. 3):

The current detention of Malaysian citizens — from the governmental and opposition parties as well as other groups

WASHINGTON — Two stories, one perhaps apocryphal and the other a matter of record, underscore the difficult crosscurrents flowing through Washington during these golden yet sad days.

The first involves a prominent Democrat often mentioned as a strong presidential possibility. His reason for not running, he is supposed to have said privately, is that he is unwilling to become the hapless Herbert Hoover of the 1930s, cleaning up after Ronald Reagan's do-nothing, let-the-problems-accumulate Calvin Coolidge act of the 1980s.

The other came last week in congressional testimony from David S. Ruder, chairman of the Securities and Exchange Commission. More than two weeks had passed since the stock crash, yet Mr. Ruder told incredulous members of Congress that he had yet to brief the president of the United States about it or even have a detailed conversation with him.

These kinds of revelations, real or fancied, reinforce the sense that things are

seriously out of sync in Washington, and oddly so, given the prevailing sense of political ease and well-being.

Seldom has the capital been lovelier; one perfect fall day follows another. Seldom has it seemed more entrapped by

MEANWHILE

forces beyond its control as each day brings further evidence of inability to deal decisively with events. The result is drift and uncertainty and an undercurrent of bitterness and recrimination.

In Congress, partisan wrangling erupts. Boos and catcalls are heard. Members call for the sergeant at arms to arrest absent members. Privately, some speak with open contempt of the process.

Here, too, as on Wall Street, cries for forceful leadership are voiced. None

seems forthcoming, but not because there are no leaders. Serious, thoughtful people in the political parties are attempting to forge a consensus on deficit reduction and long-term economic planning. So far they are stymied.

That is so because the White House, specifically the president, and congressional leaders have not been able to reach agreement on a course of unified action, or even general strategy. The president, it is said reliably, has been told to his face — and "eloquently," according to one Republican witness — that his failure to act on deficit reduction could forever tarnish his presidential legacy. But he does nothing.

Thus, in the face of a national need for reassurance, the signals sent are not only mixed but also discordant. All of this reinforces the worst fears of Wall Street.

In the financial capital there is much talk about the "wealth shock" stemming from the market collapse and great money loss of October 1987. But the real concern is over another, potentially greater shock to come. That is the specter of recession, possibly a severe one stemming from failure to put the nation's fiscal house in order.

The comments of one senior Wall Street executive were illustrative of what seems to be a widely shared point of view. "We've had a fiscal crisis," he said, in the midst of a long conversation. "We've had a political crisis. What we haven't had is an economic crisis ... Is this an isolated event, or does it link into other things in the economy? All history would say you cannot have a major contraction without reaching into the economy."

"So I think most economists are going to end up concluding real growth is going to be less, you might have a minus quarter and, if you don't really do things, it might be a recession. And you run the risk that, if you don't do things, it could be a very, very bad recession. So we're at the stage where we've had that one-time shock, and it's very easy to say, 'Well, that's that. It's over and done.'

"And what does it mean? The evidence is they're sitting back and saying, 'The stock market is a spectator sport, just like football or anything else. It is not a surprise that stocks came down, it is a surprise they went up so much.'

"What they are missing is that the stock market is down 30 percent plus plus plus. It's no longer a spectator sport. It's linked to the economy. It's linked to allies. It's linked to the military. All these things get linked with different degrees of intensity depending upon how long you go without political leadership, and the longer you go without political leadership the linkage to the economy intensifies, which then intensifies that linkage to other things. And I think they're making a mistake by not understanding the linkages and acting while the acting is easier."

That's the act Washington has been unable to put together.

The Washington Post.

Nice Days in Washington, Outdoors

By Haynes Johnson

seems forthcoming, but not because there are no leaders. Serious, thoughtful

people in the political parties are attempting to forge a consensus on deficit reduction and long-term economic planning. So far they are stymied.

That is so because the White House, specifically the president, and congressional leaders have not been able to reach agreement on a course of unified action, or even general strategy. The president, it is said reliably, has been told to his face — and "eloquently," according to one Republican witness — that his failure to act on deficit reduction could forever tarnish his presidential legacy. But he does nothing.

Thus, in the face of a national need for reassurance, the signals sent are not only mixed but also discordant. All of this reinforces the worst fears of Wall Street.

In the financial capital there is much talk about the "wealth shock" stemming from the market collapse and great money loss of October 1987. But the real concern is over another, potentially greater shock to come. That is the specter of recession, possibly a severe one stemming from failure to put the nation's fiscal house in order.

The comments of one senior Wall Street executive were illustrative of what seems to be a widely shared point of view. "We've had a fiscal crisis," he said, in the midst of a long conversation. "We've had a political crisis. What we haven't had is an economic crisis ... Is this an isolated event, or does it link into other things in the economy? All history would say you cannot have a major contraction without reaching into the economy."

"So I think most economists are going to end up concluding real growth is going to be less, you might have a minus quarter and, if you don't really do things, it might be a recession. And you run the risk that, if you don't do things, it could be a very, very bad recession. So we're at the stage where we've had that one-time shock, and it's very easy to say, 'Well, that's that. It's over and done.'

"And what does it mean? The evidence is they're sitting back and saying, 'The stock market is a spectator sport, just like football or anything else. It is not a surprise that stocks came down, it is a surprise they went up so much.'

"What they are missing is that the stock market is down 30 percent plus plus plus. It's no longer a spectator sport. It's linked to the economy. It's linked to allies. It's linked to the military. All these things get linked with different degrees of intensity depending upon how long you go without political leadership, and the longer you go without political leadership the linkage to the economy intensifies, which then intensifies that linkage to other things. And I think they're making a mistake by not understanding the linkages and acting while the acting is easier."

That's the act Washington has been unable to put together.

The Washington Post.

LETTERS TO THE EDITOR

The Sunday Times Was Out in Front With "Spycatcher"

— under the provisions of the Internal Security Act passed by Parliament in 1960 is a normal measure to prevent a single judge of the special courts to convict, and if the defendant is not to have the benefit of a jury trial, he should, at least have a plurality of judges. In almost any other system of law, it would be tried by a bench of at least three judges.

NIALL MACDERMOT,
Secretary-General,
International Commission of Jurists,
Geneva.

Bottom Line at Columbia

In response to the report "A \$100,000 Lesson" (Oct. 15) by Leslie Wayne:

If Asher Edelman is not allowed academic freedom to offer students at the Columbia Graduate School of Business a tidy sum for a takeover bid, where will the next generation of Boesky's come from? And since money is so obviously good to Wall Street traders, is not Columbia also attacking freedom of religion?

F.L. ASHE
Heredia, Costa Rica.

professes to abhor clandestine CIA activities and military solutions.

ROBERT F. ILLING,
Oporto, Portugal.

Assistant Secretary of State Elliott Abrams, in "The Legislators Seem to Think State Is a Menace" (Oct. 22), fails to mention that it was President Reagan who signed the Gramm-Rudman-Hollings balanced budget bill. Surely, as a noncareer appointee, Mr. Abrams shares the president's vision of a smaller government. He should see that crippling the State Department is just one more step toward that goal.

RICHARD PATRICK WILSON,
Mobile, Alabama.

Little wonder they don't build cars like they used to. Building a pen is difficult enough.

Oh, the elegant lines of the 1925 Hispano Suiza. Oh, the elegant lines of the 1927 Parker Duofold.

The car may no longer be available but happily the pen is making a welcome return.

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Like today's top cars the Parker Duofold Centennial boasts working parts that are 'state-of-the-art.'

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Rather than mould the cap and barrel 'en masse,' we machine them as we did in the old days, from a solid block.

Rather than cut the nib from some modern metal, we stay true to gold.

Rather than slit the nib on some new fangled contraption, we still do the job by hand, using a blade no thicker than a human hair.

And just as Hispano Suiza road tested its cars thoroughly after manufacture, we put our pens through their paces.

Upon completion, each Duofold Centennial is examined by a white gloved inspector.

If deemed perfect, it is filled, written with and cleaned before being released for sale.

It is an exhausting way to produce a pen. But, as with the Hispano Suiza, the looks and handling provide ample reward.



PARKER

JOY CLOUTIER

Jordan Says
No to Plan
By U.S. for
Peace Talks

By Thomas L. Friedman
New York Times

Living Abroad

Weighing the Pros and Cons of Bilingual Education

By Sherry Buchanan
International Herald Tribune

A bilingual education can pose problems even for children who are fluent in both languages, some educators say.

They also say there are limits to bilingualism in a curriculum if students are to gain maximum benefit.

In a bilingual school, children take some of their courses in one language and some in another.

Paul Decoret, director of the American section of the Lycee International in Saint-Germain-en-Laye, near Paris, said, "There is no question that requiring native standard for two different languages and cultures puts more pressure on the child."

Because they are expensive to run and demand is limited, there are relatively fewer bilingual schools than there are international schools, where instruction is in one language with more or less emphasis on learning another language.

Parents sometimes make the mistake of thinking that just because a school is abroad it is bilingual.

"To call a school bilingual more often than not is a misnomer," said Anita Tassel, a co-editor with Carolyn White-Lesieur of "Guide

chemistry in French and biology in English.

Although the language and course mix varies from school to school, educators say writing, reading and thinking in different languages takes more energy and time than classwork in one language with heavy emphasis on learning other languages, the standard curriculum in international schools.

"If you decide to go that route," she said, "the kid has to be really bright and competitive to be able to undergo that kind of pressure."

A list of bilingual schools in Eu-

rope is available in the annual directory of the European Council of International Schools (18 Lavington Street, Petersfield, England, GU33EW, \$20). The council is a non-profit organization with 140 member schools around the world.

This is a double curriculum,"

said Sylvette Moschoni, director of the school. "It means a lot of work for a child. A kid who has difficulty just following in his own language will have trouble following our course. A bilingual course is not for every child; we are convinced of that."

Some parents who speak only one language themselves are sending their children to bilingual schools.

"We eliminated the American school option because we didn't come here to have an American experience," said Robert Moran, a business professor from Arizona who is on a one-year leave to teach in France.

"When we initially got here," he said, "we were inclined to have the kids go cold turkey into the French system. But then we heard of the bilingual alternative, we decided it would be the best of both worlds."

All five of Mr. Moran's children — aged 16, 15, 12, 10 and 7, who did not speak any French when they arrived — are enrolled at the Lycee International in Saint-Germain-en-Laye. They take all their classes in French, except for six hours a week in English.

'A bilingual course is not for every child; we are convinced of that.'

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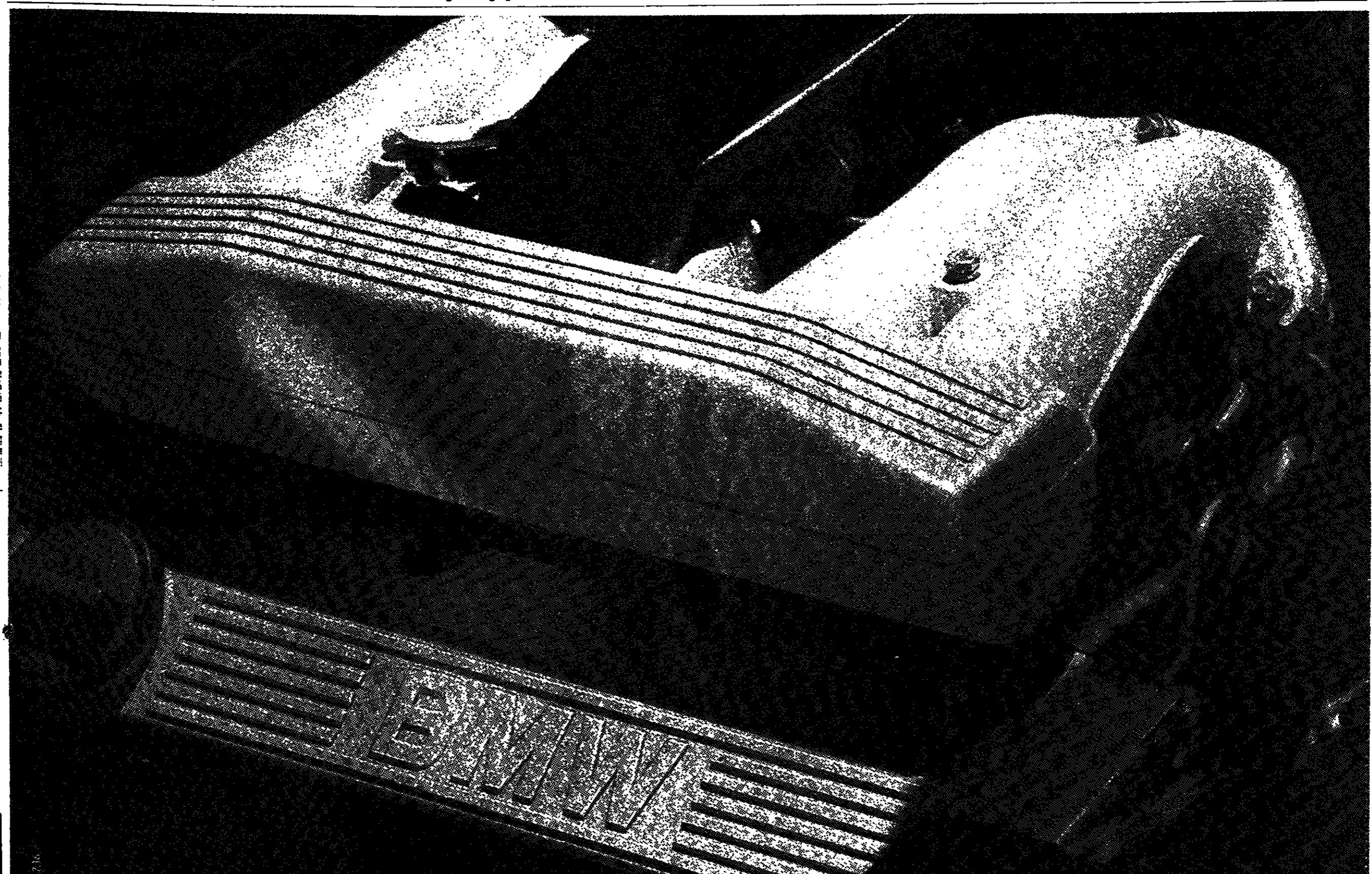
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For a long time, a car's technical and performance potential was judged by its sheer size and external dimensions. Then, in the mid-60s, BMW started offering advanced top-class technologies in more compact, exclusive sporting saloons. And this concept of "maximum driving pleasure", rather than "the bigger the better", earned both respect and enthusiasm from demanding as well as committed drivers.

This passion for cars, and BMW's commitment to providing the ultimate in driving perfection, demolished all the old clichés about big and small cars. Today's large BMWs always surprise drivers by their handling and mobility, which put one sooner in mind of much smaller cars. And vice versa.

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of much larger, luxury limousines.

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The hydraulic valve-play equalizer on both engines ensures minimal maintenance requirements. The identical, close cylinder arrangement makes both engines exceptionally light. Both are surprisingly economical and ecology-minded as a result of the world's most advanced electronic engine management system. And both set a new standard for smoothness and power development for every car in their class.

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In Ulster Town, Grief and Rage At 'Inadvertent' IRA Bombing

By Howell Raines
New York Times Service

ENNISKILLEN, Northern Ireland — With 11 of its citizens dead from an IRA bomb blast, this town's citizens turned Monday to the familiar ritual of mourning and the sectarian rage that are a part of life in this tortured province.

For James Mullan, a tall pharmacist with a faced reddened by grief, that meant contemplating a dreadful irony. Moments after a bomb ripped open the Enniskillen community center, he located his 10-year-old son in a fog of dust. The boy was stiff with terror, but alive.

The Irish Republican Army said Monday that the bomb was aimed at security forces who were supposed to march by the community center. The IRA said the device went off inadvertently; the group apparently had planned to detonate it later.

Unbeknownst to Mr. Mullan, within a few yards of his reunion with his son, his 73-year-old parents, William and Agnes Mullan, lay under the rubble.

Not until two hours later, when they were in a makeshift morgue set up by the British Army, did Mr. Mullan learn that his parents were

among the victims of a bomb that seemed timed to explode just as the townspeople were gathering for a Remembrance Day wreath-laying in honor of Britain's war dead.

Like many in Enniskillen, Mr. Mullan condemned the guerrilla IRA for murders that he said were doubly vile for profaning a sacred occasion.

"In other words, you could say the terrorists could have well placed that bomb in a cathedral or church, as far as we are concerned," he said as he sat in his dim living room. "They deserved all that we know to human. They bombed a religious service."

He spoke from a big house on a ridge in Enniskillen's most prosperous neighborhood. In the valley below lay a lakeside town of 13,000 where the Roman Catholic minority was being accused of withholding information needed to apprehend the perpetrators of the worst bombing in Northern Ireland since 1982.

The casualty count emphasized the sectarian divisions fueling the violence that has claimed more than 2,600 lives in 17 years. All 11 dead were members of the Protestant majority.

Gerry Adams, leader of Sinn Fein, the IRA's political arm, expressed regret at the bombing and extended his condolences to the bereaved. An IRA statement also said it "deeply" regretted the deaths.

The disclaimers did nothing to drain the anger from the scenes being played out Monday on the streets of Enniskillen.

"Murderers," shouted a bystander as the Sinn Fein representatives on the local council entered the Town Hall to meet with Ray Ferguson, local leader of the Official Unionist Party.

Mr. Ferguson, who had spent the morning comforting Mr. Mullan and others, emerged from the brief private meeting in a mood to blame Sinn Fein politicians for IRA killings.

"Why don't you interview Sinn Fein?" he demanded of reporters pointing microphones at him. "We are fed up condemning this. Let's see the guilty men come down these steps and answer your questions."

Cyril Johnston, a baker, described Enniskillen as a town frozen in silence, with the Catholic and Protestant communities fearful of expressing their feelings and political opinions.

Doubt Is Cast On Claims of Yacht Seizure Near Israel

The Associated Press

JERUSALEM — Israeli officials and representatives of the International Red Cross appeared uncertain Monday how to react to claims that the Abu Nidal group of Palestinian terrorists has taken hostage eight Europeans with dual Israeli citizenship.

A group claiming to represent Abu Nidal announced the hostage-taking at a news conference Sunday in Beirut, saying it had seized a French-registered yacht off the Israeli coast, and inviting the International Red Cross to see that the hostages were unharmed.

A Red Cross official in Beirut, who asked not to be identified, said Monday, however, that the organization had not been contacted.

Top Israeli officials, including Defense Minister Yitzhak Rabin, called the report of hostage-taking an attempt by some Palestinians to undermine the Arab summit that convened Sunday in Amman, Jordan.

They said they doubted that Israeli citizens were held captive or that a yacht was captured off Israel's heavily patrolled coast.

Walid Khaled, who said he was a senior lieutenant in a Palestinian group claiming to belong to Abu Nidal's organization, announced at the news conference in Beirut that the group had captured three men, three women and two young girls from a 43-foot (13 meter) yacht called the Silko off the coast of the Israeli-occupied Gaza Strip.

He said the Silko, which had been flying the Israeli and Belgian flags, was taken with those aboard to "one of our bases."

Mr. Khaled said that the hostages were unharmed but he warned that their "lives will be in danger" if Israel retaliates.

Mr. Khaled said that all the captives were Israeli but that five held Belgian passports and one had a French passport. None of the names he provided showed on the national register of Israeli identity card holders, said Yosef Tov, an Israeli Interior Ministry official.

The flurry of Iraqi air activity

came as Iran believed the significance of the Arab meeting in Amman and said that no matter what decisions they made, Iran would not be deterred from its war with Iraq.

Mr. Khaled identified the Belgian hostages as Fernand Houle, 40; Emmanuel Houlekins, 42; Godlieve Kets; Valere Emmanuel Houlekins, 16; and Laurent Emmanuel Houlekins, 17. He said there was also a French woman, Jacqueline Valente, 30, and two children who spoke Hebrew.

The equipment, including nine furnaces and presses that can be used to make a petroleum byproduct into a woven carbon fiber called carbon-carbon, was assembled by Consarc Engineering Ltd. in Scotland and sent to the Soviet Union from 1982 to 1985, according to Pentagon and Commerce Department officials.

No charges have been brought in the case, officials said.

The sale of the equipment used to manufacture the material was confirmed by two U.S. government officials Sunday night. The officials



STREET BATTLES IN BANGLADESH — Police used batons Monday to disperse demonstrators in Dhaka, Bangladesh. About 2,000 protesters gathered in the capital the day before a planned mass march, called to force

the resignation of President Hussain Mohammed Ershad. Opposition leaders said they hoped hundreds of thousands would blockade Dhaka, besieging government offices and shutting down General Ershad's administration.

U.S. Firm Sold High-Tech Gear to Moscow

By John T. McQuiston
New York Times Service

NEW YORK — The Soviet Union has acquired equipment and technology needed to produce an advanced material that can increase the accuracy of nuclear warheads, U.S. officials have said.

They said Moscow bought the items from the Scottish subsidiary of a New Jersey company.

The equipment, including nine furnaces and presses that can be used to make a petroleum byproduct into a woven carbon fiber called carbon-carbon, was assembled by Consarc Engineering Ltd. in Scotland and sent to the Soviet Union from 1982 to 1985 by preventing a Soviet ship from picking it up.

But officials said that 95 percent of the equipment already had reached the Soviet Union and that Western technicians were later permitted to supervise the assembly of the equipment in the Soviet Union.

Since 1978, the woven carbon material has been used on the nosecones of MX missiles and the Trident D-5 and the Minuteman-3 missiles. It is also used on rocket nozzles, on the leading edges of the space shuttle and in the brakes of high-performance aircraft.

The carbon-carbon material is lighter and tougher than steel, can withstand extremely high tempera-

tures, and burns at a steady rate that reduces a warhead's wobble as it encounters drag in the atmosphere. This enables the warhead to be aimed with greater accuracy.

Representative John D. Dingell, a Michigan Democrat who is chairman of the House Energy and Commerce Committee, was quoted by the newspaper Newsday as saying the Soviet acquisition of the equipment was a "national blunder" on the part of the United States.

Newsday reported that despite the unsuccessful embargo of Consarc equipment in 1985, both the United States and Britain later allowed technicians to travel to the Soviet Union to help make the factory operational.

Consarc Engineering Ltd. is a subsidiary of Consarc Corp., of Rancocas, New Jersey, which in turn is a member company of Inductotherm Industries.

■ Firm Denies Wrongdoing

Ray Roberts, president of Consarc Corp., said in a telephone interview from Rancocas that the contract with the Soviet Union was a straightforward commercial deal that was known about and ap-

proved by both the U.S. and British governments at the time it was concluded.

Mr. Roberts said the induction furnaces sold to Moscow have a wide variety of applications in industry, and that the company understood that Moscow needed them for the manufacture of artificial graphite.

"My company is not involved in buying, selling, making or using carbon-carbon," Mr. Roberts said.

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BUSINESS ROUNDUP

Approval Expected for BA-Caledonian Merger

Reuters

LONDON — Britain is expected to give conditional approval to a disputed plan for British Caledonian Airways, the independent airline, to merge with the recently privatized British Airways, industry sources said Monday.

Lord Young, the trade and industry secretary, is expected to announce his decision this week after reviewing a report from the Monopolies and Mergers Commission.

The two airlines, which had been bitter rivals, announced July 16 that British Airways would acquire the smaller British Caledonian for £237 million (\$425 million).

Industry sources said an announcement was likely Wednesday, to coincide with British Airways' interim financial report.

But they said Lord Young was expected to attach conditions to his acceptance of the agreement, which British Caledonian's chairman, Sir Adam Thomson, says is vital to his company's survival.

British Caledonian reported a £19.3 million pretax loss last year.

British Airways, which was sold to private

investors by Prime Minister Margaret Thatcher's Conservative government in a £900 million share issue earlier this year, made a £90 million profit in the first quarter of its 1987-88 financial year.

Sir Adam has said that if the deal fails through British Caledonian will be forced to

Industry sources expect the trade secretary to attach conditions to the deal, which British Caledonian portrays as vital to its survival.

approach other partners, including foreign airlines.

The merger is intended to create a "megacarrier" capable of competing with the big U.S. airlines. In addition, British Airways had hoped to benefit from British Caledonian's lucrative European routes, but the industry sources said the government may transfer some of those routes to smaller airlines.

Small independent carriers such as British Midland and Air Europe have campaigned vigorously against the merger, saying it would force them out of business or oblige them to operate further away from London.

The British government can refer merger proposals to the Monopolies and Mergers Commission, which makes recommendations to the trade and industry secretary. His decision is final.

Under the rules, British Airways' bid automatically lapsed when it was referred to the Monopolies and Mergers Commission.

If Lord Young agrees to the acquisition, British Airways normally would simply renew its offer. But the dramatic slump in world stock prices in recent weeks, as well as the declining value of the dollar, means that British Airways could submit a much lower offer.

If the offer was not good enough, British Caledonian might look elsewhere.

Toyota Investing Another \$300 Million in U.S.

Reuters

GEORGETOWN, Kentucky — Toyota Motor Co.'s U.S. subsidiary said Monday that it would spend another \$300 million to expand its automobile plant under construction here, bringing its total investment in the Georgetown facility to \$1.1 billion.

Toyota, Japan's leading automobile company, had previously committed \$300 million to build its first wholly owned U.S. car manufacturing complex here in an effort to sidestep the quotas that limit its exports to the U.S. market.

Toyota's plan follows the trend of other Japanese car makers with U.S. plants. Spurred by the weak dollar and the threat of new trade barriers, Japanese companies have been making plans to replace imported parts with U.S.-produced components.

Honda Motor Co., which opened the first Japanese-owned car assembly line in the United States in 1982 at Marysville, Ohio, announced earlier this year investments of about \$600 million for expansion of engine and car-manufacturing capacity.

Honda said its aim was to increase U.S.-manufactured content of its vehicles to about 70 percent within a few years from the 50 percent level in early 1987.

The Toyota plant, run by Toyota Motor Manufacturing U.S.A. Inc., will manufacture the Camry mid-size car, due to go into production next year with target production of 200,000 cars a year. The new facility, scheduled to begin operation in

1991, will produce engines, axles and steering components.

With the new facility, 75 percent of the Camry will be produced locally.

Toyota's extra investment is expected to add about 500 jobs to the roughly 3,000 previously expected to be employed at the Georgetown complex, which is nearly complete.

In another move to cut costs amid the yen's appreciation, Toyota Motor Co. has said it will build a plant in Indonesia to man-

ufacture car engines with a local partner.

William Suriadijaya, president of PT Astra International Inc., the Indonesian partner, said on Saturday in Jakarta that the plant would cost \$75 million.

The plant, scheduled to open in 1990, will have a capacity of 72,000 engines a year. Half will be shipped to Japan and the remainder will be sold in Indonesia.

Astra and Toyota have formed a company called PT Toyota Engine

Indonesia to make the engines, which will have a local content of more than 90 percent, Mr. Suriadijaya said.

Toyota said it chose Indonesia because of its low labor costs and Astra's success in developing an exportable car.

The Indonesian car industry produces 45 models but is running at only 41 percent capacity, according to the Indonesian Automobile Association.

Brazilian Court Upholds VW, Ford on Price Hikes

The Associated Press

SAO PAULO — Brazil's Federal Court of Appeals ruled Monday that the Brazilian subsidiaries of Ford Motor Co. and Volkswagen AG are allowed to increase their prices above official limits.

The court ordered the government to suspend any punitive measures against Autolatina SA, the holding company that groups both subsidiaries. On Friday, Autolatina defied Brazil's rigid price control policy by announcing a price increase of 28 percent for VW vehicles and of 25 percent for Ford vehicles.

Autolatina said that a 16.7 percent increase granted recently by the government did not cover its production costs. It accused the Finance Ministry of breaking an April accord in which the auto industry was authorized to cover manufacturing costs by increasing prices.

Brazil had adopted the price controls to control runaway inflation. After Autolatina announced the new prices, the government threatened to arrest West German, U.S. and Brazilian officials of Autolatina for "crimes against the people's economy."

The Finance Ministry ordered government banks to suspend all credits to Autolatina and tax agents to examine the holding company's records. It also threatened dealers with sanctions.

Ford and VW have been losing money in Brazil. Friday's price increases were viewed as an implicit threat by Autolatina to shut down operations.

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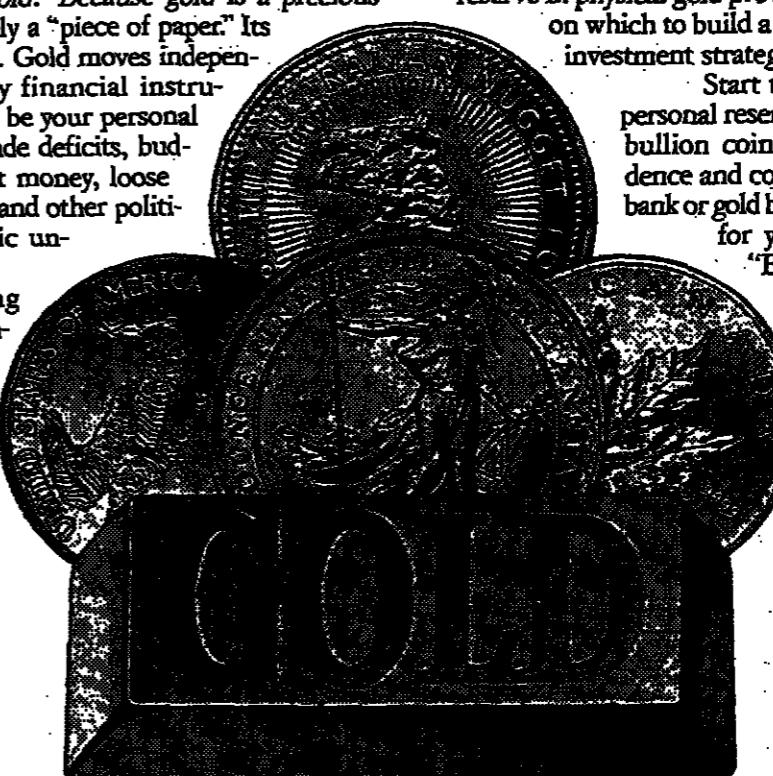
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BUSINESS ROUNDUP

Suez Starts Trading Below Offer Price

Reuters
PARIS — In their first day of trading on the Bourse, shares in the recently privatized financial group Compagnie Financière de Suez closed Monday at 261 francs (\$43.67), well below the offer price of 317 francs, dealers said.

Suez's poor showing may place new pressure on the French government to slow its plans to sell state-held companies to private investors.

But on Sunday, the government's determination was still evident. Budget Minister Alain Juppé said on the radio that the government would not lower its forecasts for privatizations, despite last month's drop in stock prices. He said privatizations should bring 3.2 billion francs next year.

And on Monday, government sources challenged reports that the privatization of the insurance group Union des Assurances de Paris, or UAP, would be delayed.

The first listing of Suez shares had been postponed by the Finance Ministry from Oct. 29 until Mon-

day. Its subscription period closed on Oct. 17, just before the market began to plunge.

The ministry said last week that it was aware of the plight the stock drop had caused for Suez's 1.6 million private shareholders. It said they would be allowed to pay for their investment in two installments, on Nov. 18 and a year later.

Suez is a financial holding company whose main subsidiary is the French insurance.

On Sunday, Mr. Juppé repeated the government's assertion that there would be no pause in its five-year privatization program, covering 65 state-owned banking, insurance and industrial companies.

Last month the government indefinitely postponed the scheduled sale of its stake in Matra SA, the defense and electronics company.

And a radio report Thursday said the privatization of UAP would be delayed from December until early next year because of the global fall in equity prices.

Finance Ministry sources called the report premature.

German Banks' Unit Buys NYSE Seats

Reuters
FRANKFURT — A unit of Dresdner Bank AG and Bayerische Hypotheken & Wechselbank AG has bought five seats on the New York Stock Exchange, bank officials said Monday.

The purchase gives the unit, ABD NY Inc., the largest number of NYSE seats of any foreign member, the officials said. They said ABD had taken advantage of the fall in prices for seats after the stock market collapse Oct. 19.

ABD NY started floor broking activities Monday with a share capital of \$7.5 million. It is a subsidiary of ABD Securities Corp., New York, 75 percent held by Dresdner and 25 percent by Hypo-Bank.

ABD plans to become a specialized broker in about six months, pending exchange approval, said

the president of ABD Securities, Theodor Schmidt-Scheuber. A specialist as market maker for one or more securities.

No price was disclosed for the purchase of the seat, but Wolfgang Röller, spokesman for Dresdner's management board, said, "As far as timing goes, we certainly didn't do badly." He noted that the price of a seat had fallen from more than \$1 million to \$750,000.

"We got in cheaply," Mr. Schmidt-Scheuber said. ABD wanted to buy seats since its plans to buy an NYSE specialist firm were struck down late last year by the U.S. Federal Reserve Board.

The acquisition clashed with the Glass-Steagall Act, separating brokerage and commercial banking activities of U.S. banks, despite earli-

"Nothing new has emerged on the UAP privatization," one ministry source said, noting that Finance Minister Edouard Balladur, in announcing the flotation in September, had said its timing would depend on market conditions.

Mr. Balladur is expected to hold a routine news conference Thursday. Analysts said he must decide this week whether the UAP launch is to go ahead.

Previously, the government had said a second state insurance group, Assurances Générales de France, or AGF, would be sold in January, followed by a major deposit bank before the end of March if market conditions permitted.

Prime Minister Jacques Chirac has asserted that "there is no way" the government will put in doubt its privatization program, saying it is needed to make France's large companies competitive.

With a rapidly growing number of the French holding stock, the fate of privatized companies is expected to become an issue in next year's presidential campaign.

It is hoped that foreign banks active in both areas were exempted by the 1978 International Banking Act.

The fall in New York stock prices has led several independent brokers to offer to sell seats to ABD, Mr. Schmidt-Scheuber said.

"Five seats are adequate now, but we are thinking of buying more," he said. He added that ABD would continue to pass some orders from its European and Japanese clients to other brokers, but will also rely on its own floor team.

Mr. Schmidt-Scheuber said ABD aimed to underwrite West German companies' share issues in the United States.

ABD is already a market maker on the Boston Stock Exchange, the Midwest Exchange in Chicago and the Pacific Stock Exchange.

Robins Urged To Set Aside \$2.3 Billion For Claims

**By Barnaby J. Feder
New York Times Service**

RICHMOND, Virginia — An expert witness has recommended that A.H. Robins Co. be required to set aside about \$2.3 billion to compensate 163,000 women who were injured by the Dalkon Shield birth-control device.

The testimony at a federal bankruptcy hearing Sunday came from Francis F. Rabinovitz, a University of Southern California professor who specializes in statistical analysis of public policy problems. She is representing Robins's insurer, Astute Casualty & Surety Co.

Her total estimate includes \$50 million to pay the claims of 34,000 additional women that she projected would discover that they are infertile or have suffered other injuries from their past use of the intrauterine device.

Robins sold more than 2.5 million Dalkon Shields between 1970 and 1974. Thousands of women have filed claims saying they suffered pelvic inflammatory disease leading to infertility and other injuries because of their use of the shield.

U.S. District Judge Robert R. Merhige Jr. is seeking through the estimation hearings to determine whether a \$1.75 billion trust fund proposed by Robins in a reorganization plan would cover the claims.

Earlier, Thomas Crabbil, a Peat, Marwick, Main & Co. consultant who is representing Robins's creditors, said that \$1.63 billion would be a reasonable value for the fund.

Both Ms. Rabinovitz and Mr. Crabbil predicted that claims would greatly exceed the \$676 million to \$1.2 billion estimated by Robins.

But their estimates were well below the \$4 billion to \$7 billion that experts retained by attorneys for the injured women are expected to propose in testimony this week.

Robins is attempting to set up a process to both resolve claims and to fix a limit on its liability as a step toward release from the bankruptcy protection it sought in August 1985. If a reorganization plan proposed by Robins in August is approved, Robins will be taken over by Rorer Group Inc., a Pennsylvania-based drug company.

Lawyers say the estimation hearings are really a battle over how much of Robins's net value will be left for shareholders after creditors and claimants are provided for.

Working from surveys of the claimants, Ms. Rabinovitz estimated that 43,000 women would not be able to produce medical evidence supporting their injury claims.

It is guaranteed by the British Royal Mint, the oldest mint in the world.

(Continued from first finance page)
spokesmen for the securities industry have commented publicly on reports of strategic buying among the brokerages.

But many analysts say that concerted market support over the past several weeks is one reason why stock prices on the Tokyo exchange have declined substantially less than in the New York and London markets.

The Finance Ministry intends to use proceeds from the NTT sale to underwrite a 6.5 trillion yen supplemental budget package unveiled earlier this year. The extra

spending is a key element in its appeal resting largely on the notion

of a future society built on information industries such as telecommunications.

As a consequence, there is little doubt among market observers here that the issue which is fully subscribed, will be successful.

NTT stock has been highly popular among institutions and individual investors since it was first made available in February. Issued at a price of 1.2 million yen a share, the share reached a high in April of 3.18 million yen before settling in its current range.

Like many other Tokyo listings, NTT has been a "story" stock, its

value based on information industries such as telecommunications.

"NTT has always been seen as the people's share," said John Donald, who follows the stocks for Jardine Fleming Securities Ltd. "The issue could be taken as a signal that confidence among private investors is back — that nothing has really changed."

For the current fiscal year, which ends March 31, 1988, NTT has forecast net profit of 153 billion yen, a 3 percent gain from the previous period, on sales of 5.5 trillion yen.

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The new Britannia from The Royal Mint
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Group Seeks Control of CNW In \$559 Million Buyout Plan

Reuters
CHICAGO — CNW Corp., the railroad holding company, said Monday that it had received a leveraged buyout proposal valued at \$559 million from a group led by the New York investment banking firm Gibbons, Green, van Amerongen Ltd.

CNW's senior management would participate as investors under the merger proposal. Shareholders would receive \$30 in cash

and securities for each share of CNW they own.

CNW's stock rose \$5 after the announcement to close at \$25 in trading on the New York Stock Exchange.

CNW said that its board had formed a committee to consider the proposal, under which Gibbons, Green investors would make a \$60 million equity investment for a 5.75 percent interest in a new company known as New CNW.

CNW management would invest about \$7.5 million for a 7.2 percent stake, and public shareholders would hold 35.3 percent.

CNW, a holding company for Chicago & North Western Transportation Co., is involved primarily in hauling freight traffic in the midwestern United States.

Jeff Perry, an analyst with C.J. Lawrence & Co., said he was "disappointed" by the \$30-per-share offer. He asserted that CNW's stock values "were clobbered disproportionately to the market" when prices collapsed in October.

In August, when CNW's stock was trading at \$29, C.J. Lawrence estimated CNW's value at \$38 a share.

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Monday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

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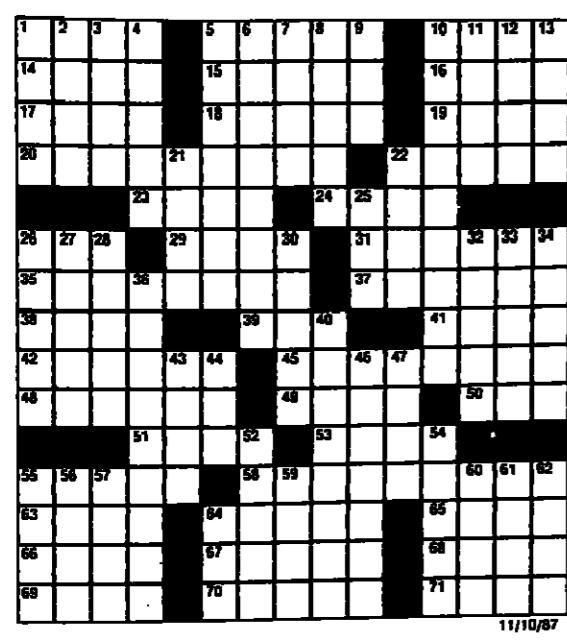
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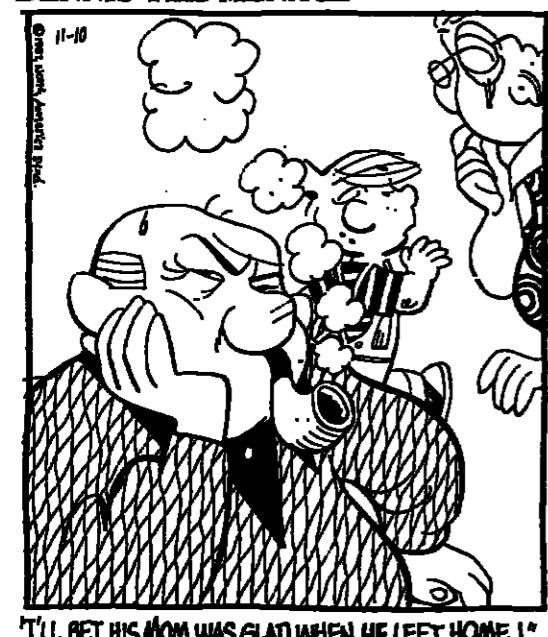


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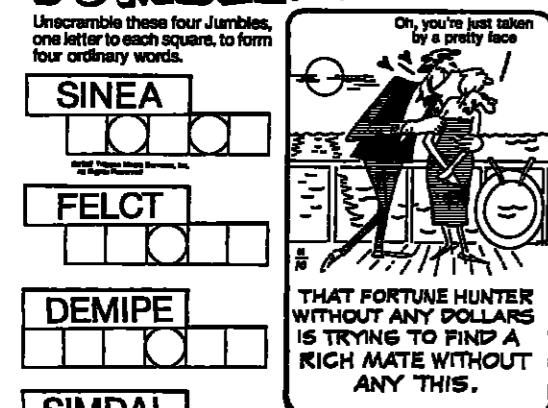
- 1 Tell me where is fancy — "Shak."
- 5 Canal
- 10 Move swiftly
- 14 Footballer, Tobin or Kyle
- 15 Adjust
- 16 Napoleonic victory site: — "Tours"
- 17 Fine, in Tours
- 18 Type of eagle
- 19 Sheltered, at sea
- 20 Capone's political position?
- 22 Eyed cheesecake
- 23 An infernal gas
- 24 Jack rabbit's long features
- 25 Antiquated
- 29 In the buff
- 31 Cleared, as profit
- 35 Truck driver
- 37 Greek markets
- 38 Biblical weed
- 39 Gypsy man
- 41 One margin of victory
- 42 Reveal
- 43 Separate
- 44 Give, as aid
- 45 Birthright
- 46 Sister
- 50 Dutch town
- 51 Water plant

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DENNIS THE MENACE



JUMBLE. THAT SCRABLED WORD GAME by Henri Arnold and Bob Lee



Jumble: WOMEN CATCH VIRTUE SECEDE

Yesterday's Answer: "There's a lot of money to be made in the cattle business" — SO I'VE "HERD"

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ART BUCHWALD

'Give to a Politician'

WASHINGTON — This is the big season for raising political money. Everyone from a presidential candidate to a lowly senator is begging for dollars, and it is not fun.

I walked into Senator Moon-decker's office. He was on the phone yelling, "Look, Trilly, we sent you two envelopes and nothing came back. The next time you want me to get a bill passed for you making it possible to transfer liquid gas through kindergartens, forget you know me."

"Some people just don't have any gratitude," I said.

"I don't know what's going on," he complained. "Last time I had \$80,000 — this election I have \$30,000. All the lobbyists claim their home offices have frozen them out."

"Maybe it's the stock market," I suggested. "A lot of guys who help politicians are now in the quick-sell."

Moondecker said, "They should give when there is a stock market crisis, if for no other reason than only the Senate can get them out of



Buchwald

Golden Hind Replica Sinks Near Dartmouth*The Associated Press*

DARTMOUTH, England — A replica of the Golden Hind, the ship in which Sir Francis Drake circled the globe, sank Monday in stormy weather while being towed to Dartmouth to get a new keel.

The 102-foot (31-meter) ship, a tourist attraction in the English Channel port of Brixham, sank and founderered at the entrance to the Dart River. A Coast Guard spokesman said: "She didn't strike anything — she just started taking in water and sank. The water there is not all that deep." Crew members were rescued.

Its owner, John Read, 59, had spent about \$60,000 (\$107,000) renovating the vessel.

"Do all senators make their own appeals for money?" I asked.

"All the ones I know do. Of course those who sit on the Armed Services Committee can raise a lot more than those stuck with investigating air traffic controllers. Some of the chairman even have their own PACs and they give money to other senators — then you really owe them for being nice to you."

"It seems there are many ways of raising money in politics. What is the weirdest thing you've done?"

"I offered to put up a guy for an ambassadorship for \$15,000."

"That sounds good," I said.

"It would have been, but the nomination was turned down. Now the guy wants to be a federal judge."

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The Boyhoods Of Woody

By Diane Solway

New York Times Service

PRECOCIOUS and knowing, he peers out his thick, black-framed glasses, taking stock of the lunatic world of adults. Life's big questions nag at this familiar kid with the red hair and freckles, and he is forever fretting about the universe expanding, his own mortality and scoring with girls. Though still a boy, the signature quains of his older self are already much in evidence.

As Woody Allen's quirky onscreen child persona, he has stolen some of the most memorable moments in a number of Allen's films — works ranging from "Take the Money and Run" to "Love and Death," "Annie Hall," "Stardust Memories" and the most recent, "Radio Days," the director's semi-autobiographical memoir, set in the 1940s of his boyhood. (Allen's latest film, however, to be released in December, will make do without the director's childhood alter ego.)

The curious task of finding that child has frequently fallen to Fuller Taylor, Allen's casting director, who admits that every time she starts looking for an actor to play "young Woody," she panics. Taylor, who has cast 13 of the director's 16 films, says: "We are always trying to find members of his family, and I think, 'Oh, no, who are we going to get this time?' We wanted kids who you could believe really would have been him, but who also had a kind of humorous, eccentric personality. The kind who make you smile before they open their mouth. Woody's always looking for a heightened reality or a wonderful averaging that makes you go, 'Oh, yes.'"

Not surprisingly, the actors who have been cast all shared certain qualities — with one another and with Allen. "They were such funny kids," says Taylor, "that it was almost impossible for their families to keep them down."

Alfred Lutter 3d (Young Boris in "Love and Death") had won a

stand-up comedy contest in New Jersey as a child, and Seth Green, (Joe in "Radio Days") has toyed with the idea of pursuing professional comedy. Now 13, he performs his own material in comedy clubs in Los Angeles and his native Philadelphia and recently finished playing Bette Midler's obnoxious son in a film with Lily Tomlin.

"All the children had that thing that you imagine Woody would have had as a child," says Taylor. "They're cerebral, precocious — in advance of their years."

The foibles of adults have always interested Allen more than those of children, and in many of his films scenes of childhood are glimpsed in flashbacks from the adult character's perspective. Beginning with "Take the Money and Run" — the first film he directed — Allen recalled broadly sketched childhood moments from his screen persona's life to explain why he turned out the way he did — why his neuroses may be well founded.

In "Annie Hall," Abby Singer broods about his failed relationship with Annie and looks in on some key childhood scenes for early cues. Growing up in a house under a Coney Island roller coaster, young Alvy is weighed down by his parents, his teachers and metaphysical angst. In one inebriated scene, he is taken by his mother to see a doctor because he seems chronically depressed. The universe is expanding" the 9-year-old Alvy explains to Dr. Flicker, "and someday it will blow apart and that will be the end of everything." "What is that your business?" screams his mother, who complains to the doctor that Alvy has stopped doing his homework. "What's the point?" Alvy retorts.

Jonathan Munk, once the young Alvy Singer and now a red-headed English literature major at Columbia University, says of Allen's boyhood alter egos: "I think they're a lot more aware than their families give them credit for. In 'Annie Hall,' the family dis-



Woody Allen as a child (right) and with Alfred Lutter 3d (left), who plays Young Boris in "Love and Death."

missed the kid's intelligence, but he knew the score. He also had an awareness of his own mortality — his hypochondriac was a reflection of that."

However comical Allen's view of childhood becomes, it is rarely cynical. Michael Tucker, the father in "Radio Days" who would never tell his son Joe what he did for a living, describes Allen as "a very emotional filmmaker." Tucker, currently featured in the television series "L.A. Law," explains: "In 'Radio Days,' there's a feeling that he's longing for that innocence of childhood. Things were simpler then people weren't getting psychanalyzed. Even though the family is a little crazy and there's screaming and fighting, the overall feeling is that it was a very nurturing atmosphere."

The chronicle of a family during the radio years, "Radio Days" — Allen's first film to use a child as a leading character — is filtered through the eyes of Joe, whose recollected thoughts are narrated by Allen. Joe escapes the aggravation of his crowded Jewish family by listening to his favorite characters on the radio. When his hero, Bill Baxter, advises his listeners to watch for German planes, Joe and his pals

set out to spy on them from a nearby rooftop. Instead, they end up spying on a near-naked woman dancing in her apartment, who as luck would have it later turns up their school as their substitute teacher.

Those "things" no doubt took root in Allen's melancholy Brooklyn boyhood, a subject so well known it has become something of a legend. Although the director declined to be interviewed about his childhood, he is spoken of in what he once described as "a typical noisy, ethnic family" in his Flatbush Seth. Seth was told for years that he looked "just like Woody Allen." Originally cast in an Allen film that was never made, Seth was called back two years later when Allen was looking for a kid to play Joe. Precocious with a mop of bright red hair, Seth may slip into a Donald Duck voice one minute and the next, tell you that when he came home from camp this summer he was "shocked" to learn that "Oliver North" could be a "national hero." Politics aside, he prefers to devour comic books and better yet, to draw his own.

He recently designed a line of action figures for a toy company modeled on Seth and his friends that come with charts listing the character's strengths and weaknesses. The code name for his alter ego is Tiger, says Seth. And what is Tiger's Achilles' heel? "Girly," says his creator. Of his character Joe, the young actor declares: "He's pretty cool and interesting. I never thought of us as two different people. I never really had to stop and think about how the character would handle a situation because everything he did were things I would do — except steal money from the Israel fund," he says, referring to a scene in which Joe pockets donations intended for the "Jewish National Fund" so that he can buy the Masked Avenger "secret compartment" he covets.

"Working with Woody isn't like working with anyone else," says the already seasoned Seth, who, as a result of his friendship with Mira Farrow's son Fletcher (who played his chum in "Radio Days"), has since spent several weekends at "Woody's" apartment with Mira's Farrow clan.

"He's very mellow and he never yells or anything. You just want to be around him and do your best."

PEOPLE

The Latest Best-Dressed, Some Human, One Dog

Liz Taylor, Madonna and Spuds Mackenzie topped People magazine's list of best-dressed celebrities, while Cher, Jane Fonda and Britain's Duchess of York flunked the fashion test. One of the judges, the designer Oleg Cassini, said Spuds, the canine mascot for a beer company's advertising campaign, was "definitely the best-dressed man you've shown me." Spuds, however, is female.

Alain Delon celebrated his 52d birthday Sunday by appearing before 18,000 cheering Chinese fans at a Beijing stadium. The actor sang a French song and told the audience in Chinese, "I love you," the Xinhua news agency reported.

Herbert von Karajan canceled one concert after falling ill from food poisoning and performed under a doctor's observation during another. Karajan, 79, canceled a Berlin Philharmonic concert Saturday in Stuttgart, and the newspaper Bild am Sonntag said it was because he was ill from food poisoning. A Frankfurt newspaper reported that Karajan became sick after eating fried chicken and was barely able to conduct his Friday night concert at the city's Alte Oper. Karajan recovered and conducted a concert in Munich Sunday.

Hungary has canceled two concerts Dec. 1 and 2 by the British rock group Black Sabbath because of reports that the band had performed in South Africa, a Budapest daily said Sunday.

Princess Yasmin Kahn, whose mother, the film star Rita Hayworth, died this year after a long struggle with Alzheimer's disease, presented \$330,000 in checks in New York to scientists who are conducting research for a cure for the disease.

Paul-Loup Sulitzer, a French writer backed by West German and French businesses, has purchased and brought to France the small Cessna plane flown to Moscow's Red Square by the West German teen-age pilot Matthias Rust last May. Rust, 19, from Hamburg, is serving a four-year sentence in Russia for the intrusion.

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